

AR32

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Mr. Scan -

*Here it is; I think
CP did not a bad job*

*of covering us, but I submit
I was right to keep it out of
corporate reports*

S. R. U.

**EIGHTH
ANNUAL
REPORT**

FOR THE YEAR ENDED FEBRUARY 28th, 1963

JUN 6 1963

BETHLEHEM COPPER CORPORATION LTD.

(NON-PERSONAL LIABILITY)

BETHLEHEM COPPER CORPORATION PROPERTIES.





BETHLEHEM COPPER CORPORATION LTD.

(NON-PERSONAL LIABILITY)

EXCHANGE LISTINGS

Shares of this Company are listed on the
Vancouver and Toronto Stock Exchanges in Canada.

DIRECTORS

Richard F. Dooley
Chicago

Donald F. Farris
Vancouver

Herman H. Huestis
Vancouver

Hugh A. Martin
Vancouver

John Addison McLallen
Vancouver

Patrick M. Reynolds
Vancouver

Sotoji Tanaka
Tokyo

Kenichiro Hiraki
Osaka

Masao Sassa
Vancouver

OFFICERS

John Addison McLallen,
Chairman of the Board

Herman H. Huestis,
President

Masao Sassa,
Vice-President

Richard F. Dooley,
Vice-President

Patrick M. Reynolds, C.A.,
Secretary-Treasurer

REGISTRAR AND TRANSFER AGENT

The Eastern Trust Company,
Vancouver and Toronto, Canada

AUDITORS

McIntosh, McVicar, Dinsley & Co., Vancouver, B.C.

SOLICITORS

Lawrence, Shaw, McFarlane & Stewart,
Vancouver, B.C.

OFFICES

Head Office:
1825 - 355 Burrard Street, Vancouver 1, B.C.

Mine Office:
P.O. Box 520, Ashcroft, B.C.



B E T H L E H E M C O P P E R

DIRECTORS' REPORT TO THE SHAREHOLDERS

I am pleased to present to you, on behalf of your Directors, the Eighth Annual Report of the Company for the fiscal year ended February 28th, 1963. Also submitted is the Company's Balance Sheet, related Financial Statements and the Auditors' report thereon. Development work at our Mine in Highland Valley and the results of the first three months of mining are reported on by the Mine Manager, Mr. D. W. Pringle, P.Eng.

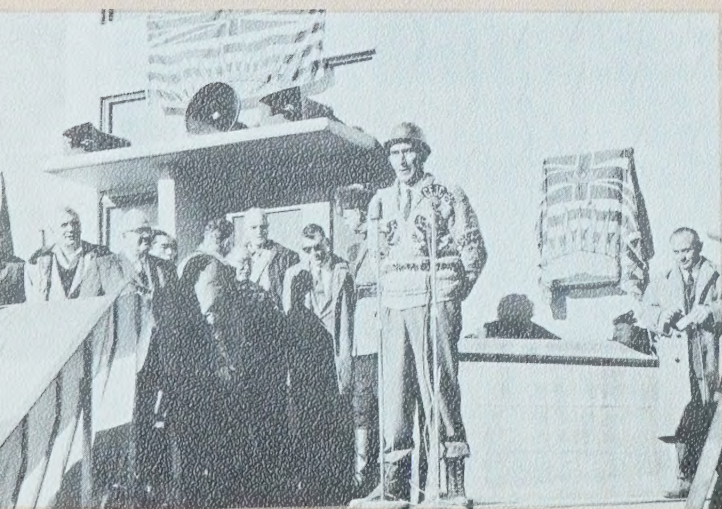
HIGHLAND VALLEY PROPERTY (162 mineral claims of which 56 are Crown-granted)

In November 1962 the construction of our plant and the installation of equipment was completed. Testing of the new machines followed and on December 1st concentrates were produced, and the objective envisioned eight years previously was attained.

On February 1st, 1963 approximately 450 guests, friends and shareholders gathered at the Mine site in Highland Valley for the official opening of our plant. Among those present were the Honourable W. K. Kiernan, Minister of Mines and Petroleum Resources for the Province of British Columbia, His Excellency N. Ushiba, Japanese Ambassador to Canada, the Honourable P. A. Gagliardi, Minister of Highways for the Province of British Columbia, Senator Sydney J. Smith, of Kamloops and Ottawa, Mr. A. E. North, Chairman, Ashcroft Village Commission, Mr. K. Kawakami, Senior Managing Director, Sumitomo Metal Mining, Tokyo, Mr. M. Yazu, President, Sumitomo Shoji New York Inc., and our Vice-President, Mr. R. F. Dooley of Chicago. A Royal Canadian Mounted Police escort in dress uniform was also on hand.

Your Directors along with the distinguished guests mentioned gathered on the steps of the mill building which was colourfully decked out in flags. A very impressive inauguration ceremony involving the unveiling of a plaque was performed by the Honourable W. K. Kiernan, and the gathering was addressed by the other distinguished personages listed herein.

In order to keep all shareholders continuously advised as to the results of operations at the Mine, the Directors have decided to issue a report every three months. The first such report covering the months of December 1962 and the first three months of 1963 was mailed on April 19th. The next Quarterly Report for the months of April, May and June will be mailed in July. You will note that the Quarterly Reports are for the quarters of the calendar year and not for the quarters of the fiscal year. Reporting on a calendar year basis is deemed to be of more interest to shareholders than reporting on a fiscal year basis.



THE HON. W. K. KIERNAN, MINISTER OF MINES AND PETROLEUM RESOURCES FOR BRITISH COLUMBIA, ADDRESSES THE OUTDOOR GATHERING.



K. KAWAKAMI, SENIOR MANAGING DIRECTOR OF SUMITOMO METAL MINING CO. LTD., TOKYO, SPEAKS; ON LEFT IS K. HOSHINA, VICE-PRESIDENT OF SUMITOMO SHOJI CANADA LTD.

C O R P O R A T I O N L T D . (Non-Personal Liability)

To May 3 four shipments of concentrates have been made totalling \$2,114,000 Canadian. Our bonded indebtedness of \$5,000,000 U.S. has been reduced by \$384,000. If the present price of copper prevails for the next two years it is expected that the bonded indebtedness will be fully repaid in early 1965, and immediately thereafter earnings will be allocated to the payment of dividends.

ORE RESERVES

From time to time we have reported on ore reserves but this is of such importance that I will repeat:

(a) Proven Ore Reserves:

Zone	Ore Tons	Grade % Copper	Cut Off Grade	Pit Floor Elevation
East Jersey	3,304,000	1.20	0.60	4,600
Jersey	12,723,000	0.82	0.60	4,400
	<u>16,027,000</u>	<u>0.90</u>	<u>0.60</u>	<u>—</u>

(b) Indicated Ore:

East Jersey Zone	7,500,000 tons to depth of 850 feet
Jersey Zone	36,000,000 tons to depth of 750 feet
Iona Zone	25,000,000 tons to depth of 300 feet

(c) Possible Ore:

There are a number of zones as yet unexplored or partially explored containing tens of millions of tons of mineralized material, much of which will in future years prove to be of ore grade with resultant possibilities for plant expansion and many years of added life.

EXPLORATION

During the past year trenching, followed by a program involving a geophysical survey and induced polarization survey was undertaken on the Huestis Zone. One diamond drill hole was sunk on an indicated anomaly to a depth of 302 feet. The composite assay covering 256 feet averaged .56% copper. Within the core a 50 foot section assayed .93% and a second 50 foot section assayed .69%, while a 10 foot section at a lower level assayed 1.09% copper. Additional work will be required to outline a possible ore body. Further exploration is planned for the 1963 season.

OTHER PROPERTIES

Bethlehem Copper Corporation Ltd. (N.P.L.) has several properties which are being held as future exploration possibilities:

- Mamit Lake Area (44 mineral claims of which 8 are Crown-granted)
- Yalakom River Area, Elizabeth Group (an interest in 4 Crown-granted mineral claims)
- Atlin Area, Laverdiere Group (8 mineral claims of which 3 are Crown-granted)

GENERAL

The Directors are most appreciative of the valuable contribution to development and operation of our Mine by Wright Engineers Limited, Mr. J. A. C. Ross, P.Eng., the Bethlehem employees including our Mine Manager, Mr. D. W. Pringle, Mr. C. J. Coveney, Production Engineer, Mr. R. G. Blundell, Mill Superintendent, Mr. K. E. Lawn, Surface Superintendent and to the staff of the Sumitomo Companies.

H. H. HUESTIS,
President.

May 3rd, 1963.



BETHLEHEM COPPER

May 3rd, 1963

REPORT OF THE MINE MANAGER

For the year March 1st, 1962 to February 28th, 1963.

The Chairman and Directors,
Bethlehem Copper Corporation Ltd. (N.P.L.),
Ste. 1825 - 355 Burrard Street,
Vancouver 1, B.C.

Gentlemen:

The year ending February 28th, 1963 was one of satisfaction for all connected with the Bethlehem project. The year started with a first look at the East Jersey ore body completely stripped of overburden, followed by plant erection and finally three months of production. The results of the first three months of operation, as detailed hereunder, have justified the faith shown in the property.

PRE-PRODUCTION

Overburden stripped from the East Jersey ore body amounted to 394,800 cu. yards at a cost of \$133,000, including the cost of clearing and surveying. Service roads were completed except for final surfacing, which will be done when a suitable crushed product is available from the crushing plant.

CONSTRUCTION OF PLANT

On May 7th, 1962 bids for the construction of mill buildings and the installation of equipment were opened. Prior to this all overburden and rock was removed from the plant area by Bethlehem personnel so that construction could proceed forthwith. The contract was awarded to Northern Construction Company & J. W. Stewart Limited, who were the low bidders. Their work was completed in November and following equipment tune-up the plant went into operation on December 1st, 1962.

SERVICES

In 1961 the Department of Highways for the Province of British Columbia rebuilt 9 miles of the road between Ashcroft and our Mine site in Highland Valley. In August 1962 the second phase of road construction was commenced and a major portion of the road has been rebuilt to first class standards. It is expected that this program will be completed during the summer of 1963.

On October 22nd, 1962 the British Columbia Hydro and Power Authority's 60,000 volt line from Ashcroft to the Mine was finished and the power was turned on.

On November 5th the British Columbia Telephone Company completed construction of a new line from Ashcroft to the Mine. An automatic local phone system around the property and two private lines outside were put into service.

Management wishes to express its appreciation to the Department of Highways, to the British Columbia Hydro and Power Authority and to the British Columbia Telephone Company for their part in making our project a success.

INITIAL EAST JERSEY MINING

A three year contract was granted to Floods Mining & Aggregate Co. Ltd. for mining ore and waste from the East Jersey zone. Shop facilities were erected at the site and in July initial mining commenced using Air-Trac drills, a new 4½ cu. yd. 180D Northwest Shovel and four new Le Tourneau Westinghouse 32-ton Haulpak trucks. Mining was programmed to move as much waste as possible in order to reduce later secondary handling of the ore. By December 1st the following amounts of material had been removed:

	Tonnage
Ore to stockpile	72,000 tons
Marginal ore to stockpile	171,600 tons
Waste	908,000 tons

CONCENTRATE TRUCKING AND STORAGE

Commercial Mines Services Limited was engaged for a three year period to receive our concentrates at the Mine and truck to Vancouver Wharves in North Vancouver. For this purpose they purchased 4 new truck and trailer units, each capable of handling a 25-ton payload.

Covered storage facilities were constructed by Vancouver Wharves on their property in North Vancouver with the cost being borne by Bethlehem. Representatives have been appointed to supervise concentrate loading into ships and to supervise unloading in Japan.

INITIAL PRODUCTION COMMENTS

Except for minor changes and modifications which are found necessary from time to time, the plant has operated satisfactorily. It is my opinion and the opinion of the senior staff that your Company has a most efficient plant, which has been constructed at a reasonable capital cost and is pleasing in appearance.

OPEN PIT PRODUCTION

Open pit mining progressed on schedule. The original equipment was supplemented by the following:

A Bucyrus Erie 88B, 4½ yard Shovel

4 - 27-ton Euclid Trucks

A new 40R Bucyrus Erie Rotary Drill using 9-inch bits

The usual service trucks and tractors are also on the job.

Stripping of waste has been carried well ahead of ore development which will be reflected in future reduced mining costs.

MINE OPERATING RESULTS

	December	January	February
Dry tons milled	74,435	80,342	76,506
Operating days	31	31	28
Average dry tons milled per day	2,401	2,591	2,732
Heads — % Copper	0.812	1.063	1.052
Recovery — % Copper	86.955	90.653	92.266
Concentrate Grade — % Copper	42.052	42.712	41.035
Concentrate produced — tons	1,313	1,910	1,947
Copper produced — pounds	1,051,472	1,548,485	1,485,895
Market value of production	\$327,461	\$483,978	\$469,839
Production costs	\$206,327	\$288,834	\$298,226
Operating profit	\$121,134	\$195,144	\$171,613

Operation of the concentrator is considered to be very satisfactory. We are quite confident that with certain modifications presently being carried out and others contemplated, the results will exceed earlier expectations.

MARCH AND APRIL 1963

Milling during the month of March 1963 averaged 2903 dry tons per day with recovery of 94.146% and during the month of April 3037 tons with recovery of 93.411%. Copper produced in the two months was 1,714,000 pounds and 1,913,000 pounds respectively.

GENERAL

I wish to express my sincere thanks to the staff at the Mine for their co-operation in making this venture a success.

Respectfully submitted,
D. W. PRINGLE, P.Eng.,
Manager.



BETHLEHEM COPPER

BALANCE SHEET AS (With comparative figures)

EXHIBIT A

ASSETS		1963	1962
CURRENT ASSETS			
Cash on hand and in bank	\$ 71,321		\$ 33,046
Short term notes receivable and accrued interest	121,814		86,213
Accounts receivable	87,940		16,796
Concentrate inventories (for which a sales contract has been made)—at estimated net realizable value	662,804		---
Mine materials and supplies—at cost	71,322		---
TOTAL CURRENT ASSETS		\$ 1,015,201	136,055
NON-CURRENT ASSETS			
Investments—at cost			
Wholly-owned subsidiary company (Note 1)	\$ 500		500
Other	10,000	10,500	---
Options to purchase property	---		2,500
Agreements receivable—employees—not due within one year ..	82,001		36,153
Town lots held for resale—at cost	16,000		1,000
Funds held in trust	4,000		---
		112,501	40,153
CAPITAL ASSETS — at cost (Note 2)			
Mineral claims	119,518		119,518
Land	26,585		22,800
Buildings, equipment and roads	4,312,945		1,010,960
		4,459,048	1,153,278
PREPAID AND DEFERRED COSTS (Note 2)			
Exploration, development and preproduction expense (Schedule 1)	2,974,652		2,285,201
Prepaid expense	15,074		7,514
Incorporation and organization expense	3,449		3,449
		2,993,175	2,296,164
		\$ 8,579,925	\$ 3,625,650

APPROVED ON BEHALF OF THE BOARD

J. A. McLALLEN, Director

H. H. HUESTIS, Director

C O R P O R A T I O N L T D. (Non-Personal Liability)

FEBRUARY 28, 1963

(as at February 28, 1962)

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

	1963	1962
Accounts payable and accrued liabilities	\$ 593,516	\$ 276,332

NON-CURRENT LIABILITIES

First mortgage 6% bonds repayable in U.S. funds by June 30, 1968 in minimum annual instalments (Note 3)		
Authorized	\$ 7,000,000	
Issued and fully paid (\$4,926,315 U.S.) (Note 4)	\$ 5,267,222	514,688
Issued to the Bank of Montreal as collateral security to revolving line of credit	\$ 1,000,000	
Accrued interest on bond	---	9,943
Advances payable	---	125,500
	5,267,222	650,131

CAPITAL

Authorized (Note 5)		
6,000,000 common shares of 50c each par value		
Issued		
2,715,000 shares (1962—2,695,000) for cash	1,357,500	1,347,500
Add premium less discount and commissions	1,267,937	1,257,937
	2,625,437	2,605,437
1,500,000 shares—for properties	750,000	750,000
Less discount	656,250	656,250
	93,750	93,750
4,215,000	2,719,187	2,699,187
	\$ 8,579,925	\$ 3,625,650

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Bethlehem Copper Corporation Ltd. (Non-Personal Liability) as at February 28, 1963 and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above balance sheet, supplemented by the accompanying notes and schedules, is drawn up in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, so as to exhibit a true and correct view of the state of the company's affairs as at February 28, 1963, and results of its operations for the year ended on that date, according to the best of our information and explanations given to us and as shown by the books of the company.

May 8, 1963
Vancouver, Canada

McIntosh, McVicar, Dinsley & Co.
Chartered Accountants.



BETHLEHEM COPPER

SCHEDULE 1

SCHEDULE OF EXPLORATION, DEVELOPMENT AND PREPRODUCTION EXPENSE

For the year ended February 28, 1963

Balance February 28, 1962—representing accumulated expense for the period
from February 9, 1955 (date of incorporation) to February 28, 1962

Direct costs	\$ 1,935,233
Administration	349,968
	<hr/>
	2,285,201

Add: net expense for the year ended February 28, 1963

Administration	\$ 42,928
Assaying and sampling	13,982
Automobile and truck expense	4,724
Board and lodging—net	57,411
Camp supplies, repairs and maintenance	25,355
Contractors' charges—surface development	2,459
Equipment rentals	277
East Jersey zone pit preparation	473,372
Exploration and development—Atlin	531
—Huestis zone	9,240
—Jersey zone	1,368
—Mamit Lake	75
Freight—local	5,053
General warehouse expense	2,631
Grant—Village of Ashcroft	5,000
Insurance	12,839
Interest and exchange on first mortgage bonds	135,052
Light, heat and power	20,964
Mill testing and premilling development	18,969
Mine office management and overhead	45,601
Miscellaneous	1,745
Permits, recording fees and assessments	1,680
Employees' benefits	2,485
Professional fees and expenses	36,684
Property taxes	966
Surface operations and maintenance	127,377
Wages, salaries and wage assessments	57,638

	1,106,406	
Deduct net preproduction credits	416,955	689,451
	<hr/>	

BALANCE FEBRUARY 28, 1963

\$ 2,974,652

SCHEDULE 2

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended February 28, 1963

SOURCE OF FUNDS

Proceeds from sale of capital stock		
Par value	\$	10,000
Premium		10,000
		<hr/>
		20,000
Proceeds from issue of first mortgage bonds (\$4,500,000 U.S.)		4,831,319
Proceeds from sale of real estate to company employees		16,391
Proceeds from sale of equipment		3,371
		<hr/>
	\$	4,871,081

APPLICATION OF FUNDS

Prepaid and deferred costs:		
Exploration, development and preproduction expense—net	\$	689,451
Increase in prepaid expense		7,560
		<hr/>
		697,011
Capital assets acquired:		
Buildings, equipment and roads—net		3,315,747
Land		4,785
		<hr/>
		3,320,532
Funds held in trust		4,000
Purchase of town lots		17,500
Increase in agreements receivable—employees—not due within one year		45,848
Investment acquired:		
Village of Ashcroft debentures		10,000
Repayment of first mortgage bonds (\$73,685 U.S.)		78,785
Payment of non-current accrued first mortgage bond interest		9,943
Repayment of advances		125,500
		<hr/>
		4,309,119

INCREASE IN WORKING CAPITAL		<hr/>	<hr/>	\$	561,962
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NOTES TO FINANCIAL STATEMENTS

NOTE 1: The investment in wholly owned subsidiary represents the cost of shares acquired in Highland Valley Smelting & Refining Co. Ltd. The subsidiary has not operated since its incorporation.

NOTE 2: No provision has been made for depreciation on capital assets during the current year or write-off of prepaid or deferred costs.

NOTE 3: Under the terms of an agreement with certain companies of the Sumitomo group of companies of Japan and New York, dated February 28, 1961, Sumitomo loaned to the company \$5,000,000 in U.S. funds bearing interest at 6% per annum (or bank maximum, whichever is higher), secured by a deed of trust and mortgage. The loan is repayable in stipulated minimum annual instalments by June 30, 1968. By February 28, 1963 \$73,685 (U.S. funds) had been repaid. At any time, or times, prior to the repayment of the loan Sumitomo has the right to convert up to \$600,000 of the outstanding loan into shares of the company at \$1.50 per share. The agreement further provides that Sumitomo, if it decides that expansion is desirable, will contribute one-half of the additional funds required to expand the mill capacity in future years. Such funds may, at the option of Sumitomo, be contributed by the purchase of 300,000 shares at \$1.50 per share and 200,000 shares at \$1.75 per share, or by a loan to the company, or partly by the purchase of shares and partly by a loan.

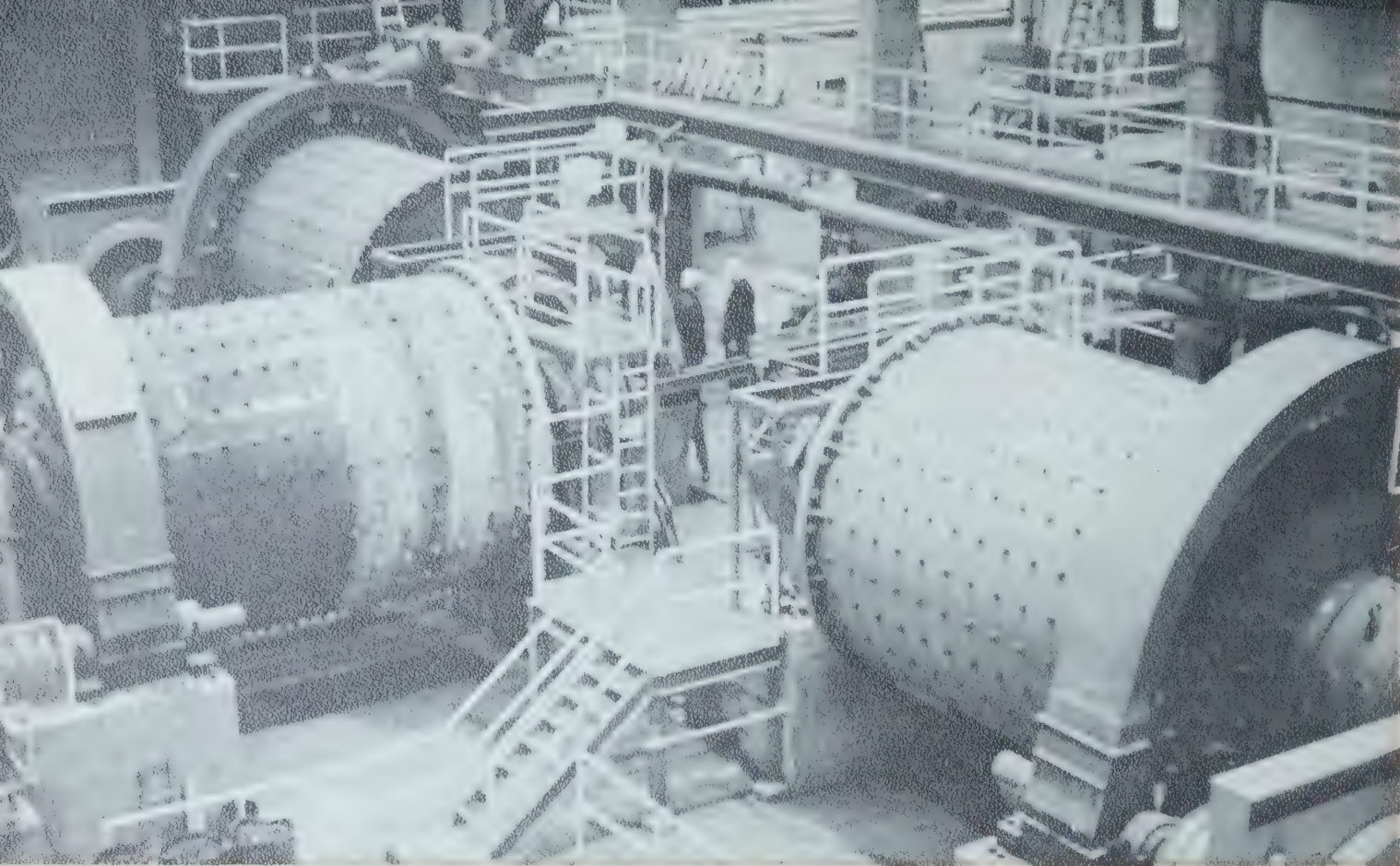
A working capital line of credit of \$1,000,000 has been established with the Bank of Montreal. \$1,000,000 first mortgage bonds have been hypothecated to the bank as collateral security to this line of credit. No dividends may be paid by the company without the consent of Sumitomo and the Bank of Montreal while any part of the first mortgage bonds are outstanding.

NOTE 4: First mortgage bonds repayable in U.S. funds have been converted at the rate of exchange prevailing on the date the proceeds were received. Other accounts have been converted at the rate of exchange prevailing at February 28, 1963.

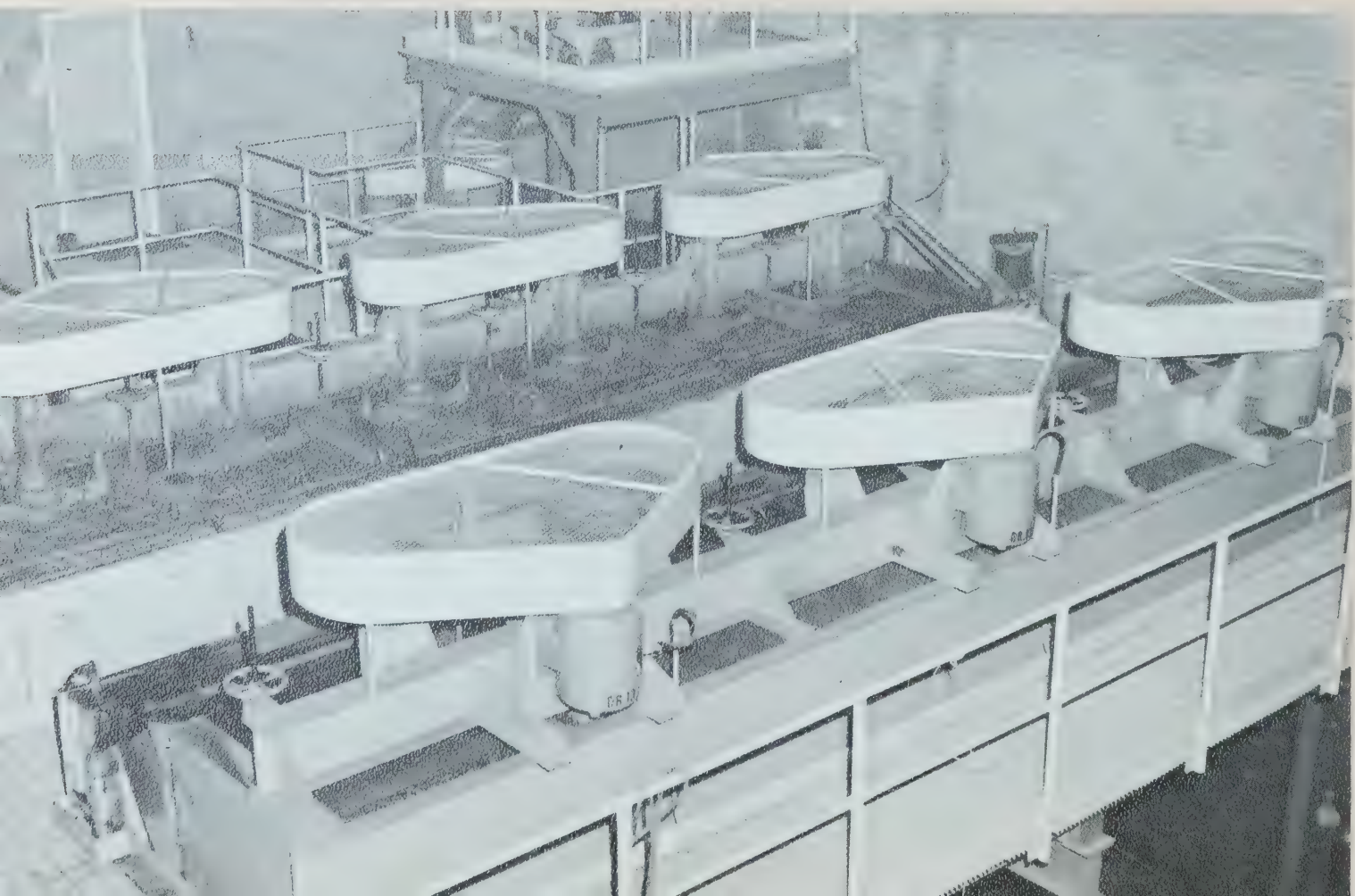
NOTE 5: The following options to purchase shares of the company were outstanding as at February 28, 1963.

60,000 shares @ \$1.00 per share up to June 30, 1965
25,000 shares @ 1.00 per share up to February 28, 1968
16,500 shares @ 1.75 per share up to February 28, 1966

NOTE 6: The current year's expense includes an amount of \$19,000 paid to directors in respect of directors' fees.

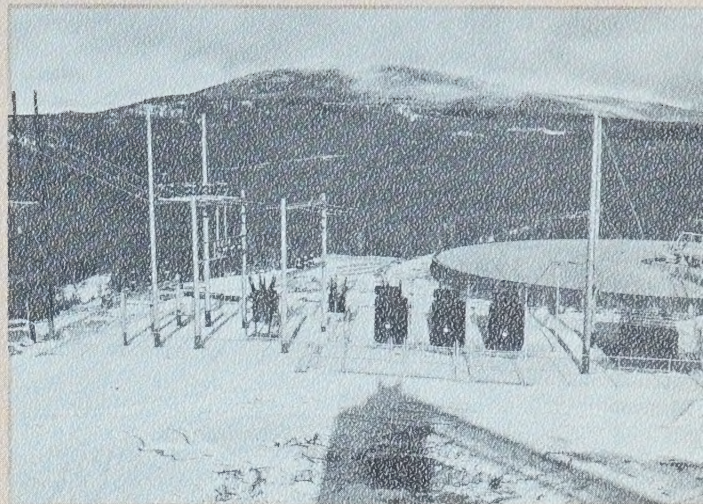


IN THE BETHLEHEM CONCENTRATOR. ABOVE: THE TWO BALL MILLS AND ROD MILL; AND BELOW: FLOTATION CELLS (CLEANERS AND RECLEANERS).

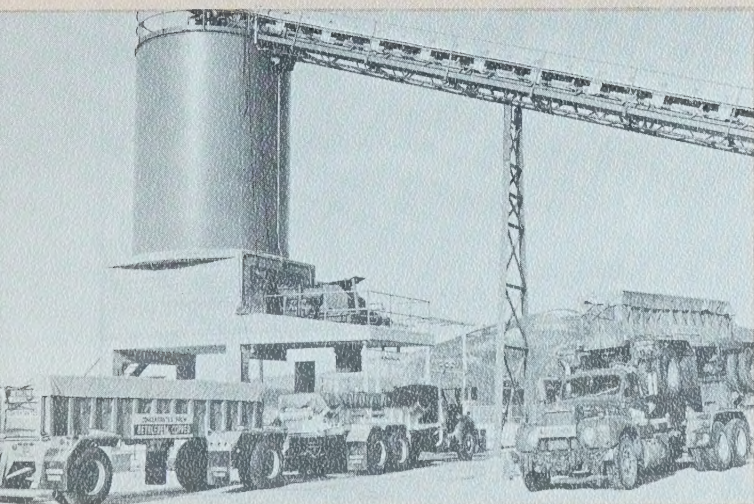




DEPARTMENT OF HIGHWAYS FOR THE PROVINCE OF BRITISH COLUMBIA REBUILT ROAD BETWEEN ASHCROFT AND OUR MINE.



TRANSFORMER INSTALLATION AND THICKENER AT BETHLEHEM.

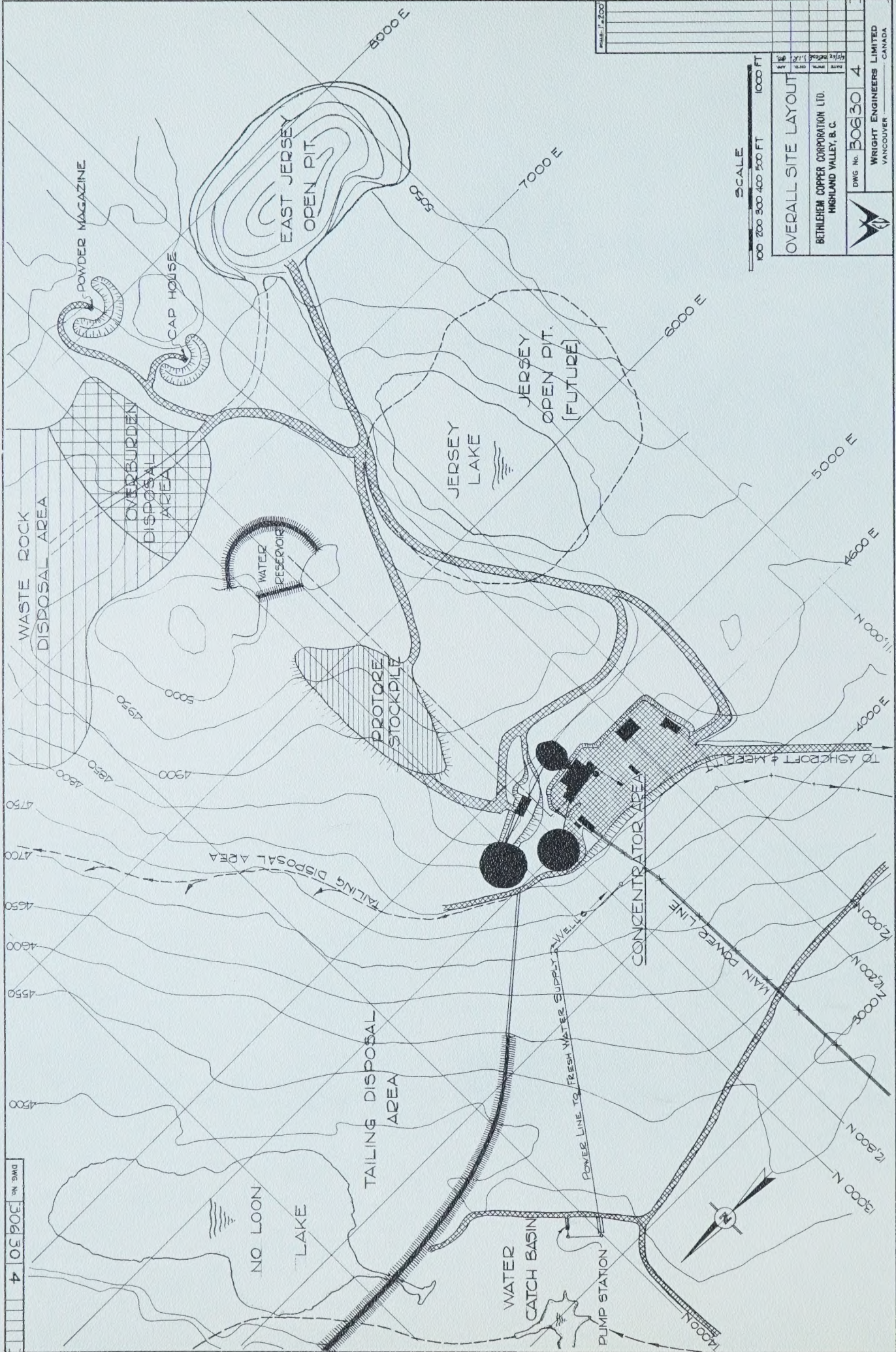


ORE TRUCKS PREPARING TO LEAVE FOR VANCOUVER HARBOUR.



M/S "NICHIREI MARU" DISCHARGING BETHLEHEM COPPER CONCENTRATES AT NIIHAMA, JAPAN.

DWG No. 30630 4

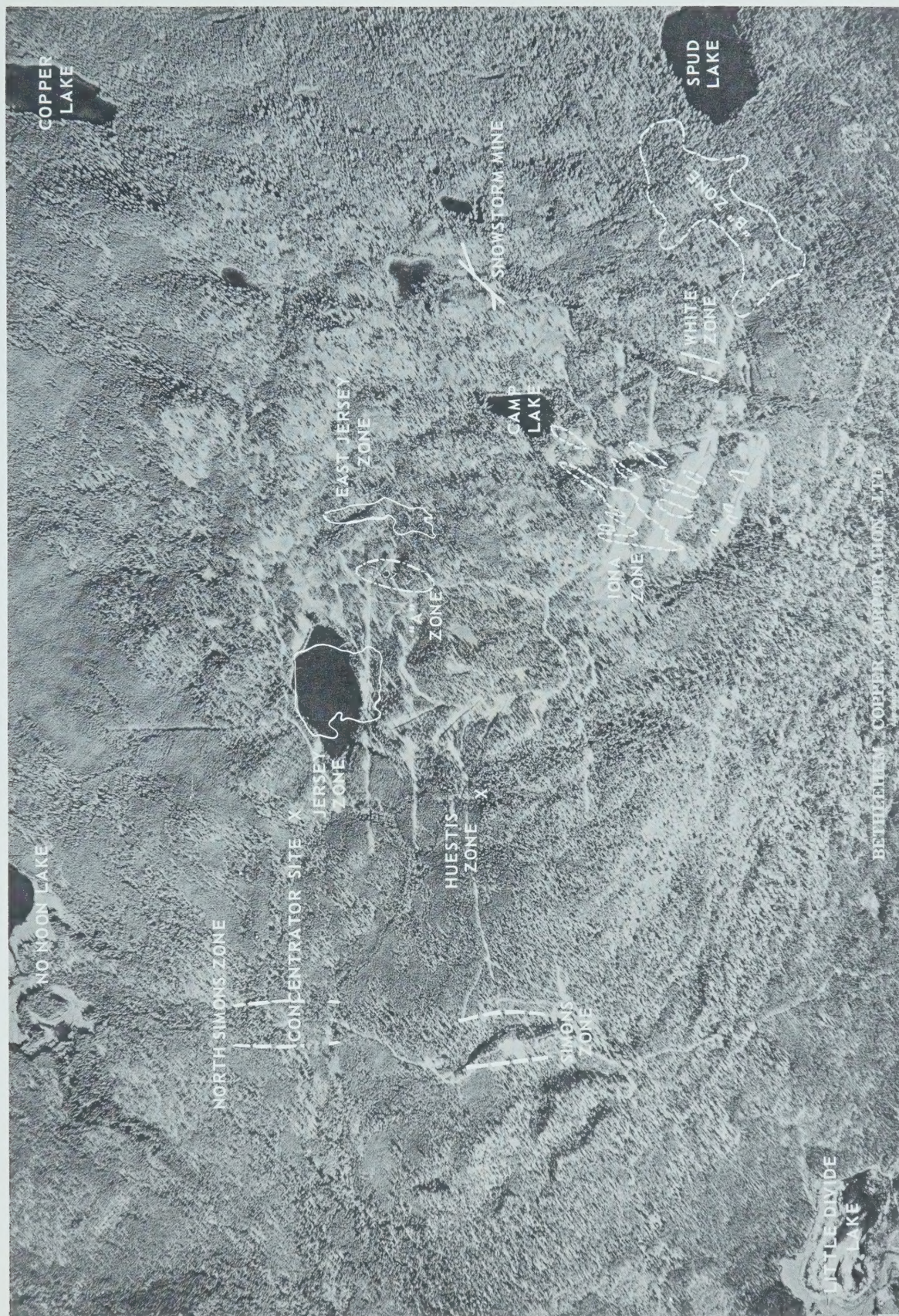


OVERALL SITE LAYOUT

BETHLEHEM COPPER CORPORATION LTD.
HIGHLAND VALLEY, B. C.

DWG No. 30630 4

WRIGHT ENGINEERS LIMITED
VANCOUVER CANADA



BETHEEN CORP. CORPORATION LTD.

